

8 June 1976

FINANCIAL ADMINISTRATION

Office of Finance Notice 14-76

SUBJECT: Documentation Requirements for Obligations

1. The purpose of this Notice is to promote a common understanding of the documentation requirements for all obligations recorded against allotment accounts maintained for both Agency appropriations and for other Government Agency appropriations.

2. An obligation is generally considered to be a binding commitment upon the U.S. Government for the payment of money which must be recorded against appropriation authority current as of the date the commitment becomes binding. Documentation and reporting requirements are set forth in Section 1311 of the Supplemental Appropriations Act of 1955 (31 USC 200). Those requirements are detailed in   paragraph 20. Section 1311 also specifically directs that no amount shall be recorded as an obligation of the Government of the United States unless it is supported by documentary evidence.

3. Care must be exercised in the use of certain forms currently being utilized to avoid the recording of obligations prior to the actual time an obligation is incurred based upon receipt of documentary support for the obligation. Effective immediately, the following forms will be used as specified below.

- a. Form 2420 - Request for Procurement Services. This form does not provide documentary support of an obligation and may be used for this purpose only in conjunction with a valid written contract or agreement between the Agency and another party. A contract is not valid until it is signed by both contracting parties; it may be obligated against the funds only of the fiscal year in which the final signature is obtained. As a matter of information a valid contract must be based upon (1) a bid in writing, (2) acceptance of the bid communicated to the bidder in the same manner as the bid was made, (3) incorporation in the contract of the terms and conditions of the bid without qualification and (4) signatures of both contracting parties.
- b. Form 88 - Requisition for Material and/or Services. This form will be limited to the PRA encumbrance process except when the Office of Logistics (OL) refers the form to its Small Purchases Branch for direct cash purchase. In these cases it may be assumed that such

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purchase action will have been completed by the time the copy of Form 88 is received from OL bearing a notation that action was referred to the Small Purchases Branch. Accordingly, at that time Form 88 may be treated as documentary evidence for an obligation of funds.

- c. Form 1716 - Authorization to Expend Funds from Other Components Allotments. This form will be used only to authorize one component to expend funds from another component's allotments and under no circumstances will this form be used as an obligation document. The component to which the Form 1716 is directed will, following receipt of proper supporting documentation, establish and record obligations against the FAN cited by the Form 1716.

4. Obligations for official travel may be recorded as obligations against the proper fiscal year funds at the time the travel orders are issued provided appropriate adjustments to the estimated obligations are made periodically to conform with the following criteria:

TDY Travel

- a. Travel and Transportation - These costs will be recorded as obligations and expenditures of the fiscal year in which the travel actually begins.
- b. Per Diem and Other Expenses - These costs will be recorded as obligations and expenditures of the fiscal year in which the per diem is earned and the expenses are incurred.
- c. Blanket Travel Orders - Obligations for blanket travel orders should be recorded as each trip occurs rather than as one amount to cover the entire period for which the order is issued.

PCS Travel

All charges related to PCS travel are to be recorded as obligations and expenditures of the fiscal year in which any part of either the travel or the transportation begins.

5. Any amounts already recorded as obligations but not documented in accordance with the requirements of paragraphs 2, 3 and 4 above must be so documented by 30 June 1976 or be cancelled.

6. Your attention is also directed to the fact that the Anti-Deficiency Act (31 U.S.C. 665) requires generally that no officer or employee of the U.S. shall make or authorize an expenditure from or create or authorize an obligation under any appropriation or fund in excess of the amount available therein. A more complete statement of the provisions of the Anti-Deficiency Act and of the statutory penalties for violation thereof are set forth in  STATINTL

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